

Message Text

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TO AMEMBASSY QUITO

C O N F I D E N T I A L STATE 176284

EXDIS

E.O. 11652: GDS

TAGS: ENRG, EC

SUBJECT: TEXACO-GULF

REF: (A) QUITO 4958; (B) QUITO 4823

1. DEPT. CONCURS IN APPROACH OUTLINED REFTEL (A).

2. FYI: TEXACO'S ATTORNEY MCNEIL WATKINS TOLD ASST SECRETARY GRUNWALD JULY 15 TEXACO NOT IN AGREEMENT WITH GULF, AND TEXACO NOT GOING TO FILE SUIT THIS WEEK. WATKINS CONFIRMED TEXACO IS CONSIDERING MEETING WITH MINISTER OF NATURAL RESOURCES VARGAS JULY 20 BECAUSE JULY 21 IS LAST DAY TEXACO HAS TO FILE SUIT IF GOING TO.

3. COMMENT: IT APPEARS DIFFERENCE OF OPINION BETWEEN TEXACO AND GULF CONCERNING WHAT RESULTS MIGHT COME OUT OF JUNE 27 MEETING WITH VARGAS HAS NOW BECOME DIFFERENCE OF APPROACH. DEPT. AGREES WITH EMBASSY'S ASSESSMENT OF REASONS FOR DIFFERENCE (REFTEL C). GULF HAS ALWAYS BEEN MORE PESSIMISTIC THAN TEXACO HERE, AND IT HAS BEEN CONFIDENTIAL

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GULF OFFICIALS WHO HAVE BEEN TAKING A TOUGHER STANCE:

E.G. QUOTE TO CONTINUE TO PLACATE GOE MEANS ENDING UP
AS DID IN BOLIVIA, WITH NATIONALIZATION; WE HAVE TO
SHOW TEETH; IF WE LET INNERQUOTE RUTH END INNER-
QUOTE GO, GOE WILL ONLY TAKE MORE; ATTACHING INNERQUOTE

RUTH END INNERQUOTE CARGO WILL BRING CONFRONTATION WITH
GOE BUT LATTER STEALING OIL ANYWAY, SO WHY NOT CONFRONTA-
TION, ESPECIALLY SINCE U.S. IS BEST LEGAL JURISDICTION
IN WHICH TO TAKE ACTION. END QUOTE. THAT ATTITUDE
SPRINGS PARTLY FROM PERSONAL EXPERIENCE IN BOLIVIA OF
GULF VICE PRESIDENT FOR LATIN AMERICA T.D. LUMPKIN,
AND PARTLY FROM FACT GULF FED UP WITH GOE'S HARASSMENT.
GULF'S NESTOR ORTIZ HAS TOLD DEPTOFFS ON TWO SEPARATE
OCCASIONS THAT GULF WOULD JUST AS SOON SELL OUT AND GET
OUT OF ECUADOR AS QUICKLY AS POSSIBLE. DEPT. BELIEVES
ORTIZ IS MOUTHPIECE FOR LUMPKIN. THEREFORE, YOU MAY
WISH TO MENTION THAT TEXACO-GULF'S INITIAL IMPRESSION AFTER
JUNE 27 MEETING WITH VARGAS THAT GOE WOULD SEEK MUTUALLY
ACCEPTABLE COMPROMISE IS RAPIDLY CHANGING, AND THAT
DANGEROUS CONFRONTATION LIES AHEAD UNLESS GOE STARTS
SEEKING COMPROMISE SOON. GOOD LUCK.

KISSINGER

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